


November 18, 2011

TO: Mayor and Members of Council

FROM: Rashad M. Young, City Manager 

SUBJECT: Items for Your Information

IFYI HIGHLIGHTS

- Contact Center Feedback
- Prescription Discount Card Program
- Republic Services Agreement
- Council Orientation Draft Agenda
- Water & Sewer Trust Fund Audit
- Local Preference Policy
- Outsourcing of Collection Services
- 2012 Senior Health Promotion & Disease Prevention Grant
- Zoning Commission Meeting Results

Contact Center Feedback

Attached is the weekly report generated by our Contact Center for the week of November 7, 2011 – November 13, 2011.

Follow-up from City Council Meetings

Prescription Discount Card Program: As a follow-up to a request by Councilmember Bellamy-Small at the November 1, 2011, City Council meeting, attached is a memorandum from Benefits Manager Larry Cooper, dated November 16, 2011, providing an overview of the National League of Cities free Prescription Discount Card program as well as staff recommendations.

Republic Services Agreement: As a follow-up to questions by Councilmember Wade at the November 15, 2011, City Council meeting, attached is a memorandum from Field Operations Director Dale Wyrick, dated November 17, 2011, regarding the Republic Services solid waste disposal agreement.

Council Orientation Draft Agenda

Attached is a draft agenda for the new Councilmember's orientation, which will be held on November 28, 2011. The meeting will start in the Plaza Level Conference Room, in the Melvin Municipal Office Building at 8:30 am.

Water and Sewer Trust Fund Audit

On November 3, 2011, we received documentation from Guilford County as to their review and compilation of their Water/Sewer Trust Fund records. We have requested additional information and expect to receive it by the end of November. Once we have received the complete set of records we will provide them to our outside auditor Cherry, Bekaert, and Holland for their review. We will keep you updated as to the status.

Local Preference Policy

Attached is a memorandum from Finance and Administrative Services Director Rick Lusk, dated November 18, 2011, providing information on local preference purchasing policies, the goals and challenges associated with adopting a formal local preference policy and the City's current purchasing practices.

Outsourcing of Collection Services for Certain Delinquent Accounts

Attached is a memorandum from Finance and Administrative Services Director Rick Lusk, dated November 18, 2011, regarding the outsourcing of its collection services for outstanding delinquent parking tickets and tenant utility accounts with FirstPoint Collection Resources, Inc. and Municipal Services Bureau.

2012 Senior Health Promotion and Disease Prevention Grant

Attached is a memorandum from Grants Manager Susan Crotts, dated November 17, 2011, notifying Council that the 2012 Senior Health Promotion and Disease Prevention Grant has been submitted to meet its deadline of November 10, 2011. This item will be on the December 13, 2011, Council's agenda for approval, as this grant requires matching funds of \$194.

Zoning Commission Meeting Results

Attached are the results from the November 14, 2011, Zoning Commission Meeting.

RMY/mm
Attachments

cc: Office of the City Manager
Council-Elect
Global Media Distribution

**Public Affairs
Contact Center Weekly Report
Week of 11/7/11 - 11/13/11**

Contact Center

4961 calls answered this week

Top 5 calls by area

Water Resources

Balance Inquiry – 1207
New Sign up – 204
General Info – 167
Cutoff Requests - 141
Pay by Phone - 129

Field Operations

Holiday Schedule - 211
Loose Leaf Collection – 106
Landfill/HHW/Transfer - 90
No Service/Garbage - 46
Dead Animal Pick up – 43

All others

Police/Watch Operations – 213
Courts/Sheriff – 75
Openings/Closings – 40
Police Records - 33
Employment - 26

Comments

We received a total of 1 comment this week:

Water Resources – 1 comment:

- Customer feels that it is unfair to pay billing and availability fees for both water and sewer. He also feels it is unfair to charge \$1.95 to pay online. He feels we save by having customers pay online, by not having to destroy envelopes, and by reducing the number of people to process payments. After learning of the bank draft availability, he thinks it is a good idea. He suggested that we make more people aware of this option, possibly through the bill insert.

Overall

Calls about the loose leaf collection schedule continued to increase while calls about dead animals also increased last week. Callers were anxious to know if the City was closed for Veterans Day and if the garbage collection schedule had changed. Customers were happy to find we were open and that everything remained on schedule. Call volume was busy through the end of the week.



November 16, 2011

TO: Rashad M. Young, City Manager

FROM: Larry Cooper, Benefits Manager

SUBJECT: City Sponsored Prescription Discount Card

The City of Greensboro has been presented an opportunity to sponsor and provide Prescription Discount Cards to its citizens. The National League of Cities (NLC) is offering a program to provide CVS Caremark prescription discount cards free to the citizens of the City. They (NLC) are able to apply the City of Greensboro logo to the cards and deliver all the cards necessary for distribution to the citizens of the City. These cards are not only accepted by CVS pharmacies but other major pharmacy providers such as Wal-Mart, Walgreens, and other major pharmacies.

This is not an insurance drug card program. It is limited only to those prescriptions not covered by any medical insurance plan, Medicare, and Medicaid. The card cannot be used with any other insurance drug cards. Primarily, those individuals without insurance would benefit most from the use of these cards.

Guilford County Commissioners reviewed and approved this proposal in 2007. According to Mrs. Fuller, Human Resources Director and Assistant County Manager, the program was initiated a few years ago, but was not being administered as initiated and the administrator was no longer employed by the county. Upon further investigation, we were advised by Guilford County personnel that the program was initiated in January of 2008, and continues to operate today, though at a much diminished level. While one employee was designated to roll out the program in the county, it is now "administered" part-time by the County Manager's receptionist. Her role today essentially entails maintaining a card inventory and distributing them upon requests. Other jurisdictions have implemented this program, including Durham and Charlotte, although it is not clear to what extent.

While we are still gathering data on the experiences of some who have rolled out the program, a few shared what it took to roll it out. The following elements were required for rollout by others, and would be required for us based on the information provided by NLC:

- Obtain authorization from City Council to proceed with implementation
- Establish a position or person as the contact point for CVS Caremark to be responsible for administration and distribution of the cards
- Identify the location for delivery of the thousands of cards for distribution

- Create and maintain an information portal on the City's website through which to advertise the availability of the cards and how to use them.
- Establish and maintain a hot-link to the CVS Caremark website for additional information
- Create an ad campaign using bill stuffers to send with billings to residences
- Public affairs creates an ad campaign to get the word out to citizens about the program through newsletters and public notices
- Establish and maintain a distribution system to put the cards into the public's hands at locations such as:
 - Libraries
 - Parks and Recreation locations
 - Bill paying sites
 - City Hall

Although it is not clear how significant the costs of ongoing maintenance of the program would be (i.e. Guilford County Manager Office example), initial set up and roll out would require at least a temporary additional FTE, and likely require support from other functions already staffed. However, given that we currently have no budgeted resources for doing a comprehensive roll out and some maintenance of the program, staff is recommending that this program not be undertaken at this time. If Council wishes to proceed with this effort we will begin the planning process, including determining the specific costs involved in rolling out the program, and the costs of any ongoing maintenance.

LC



November 17, 2011

TO: Rashad M. Young, City Manager
FROM: Dale Wyrick, P.E., Field Operations Director
SUBJECT: Republic Services Disposal Contract

This memo is in response to questions raised by Councilmember Wade at the November 15, 2011 City Council Meeting in regard to two particular items associated with the Republic Services disposal contract:

1. Under the terms of the original contract, the city guarantees to deliver a minimum of 60,000 tons of waste to the Operator per year. Our six-month contract would be entitled to a prorated 30,000 ton requirement. Over the past 3 years, the average City-collected monthly tonnage (January-June) is 11,584 tons. Estimated tonnage for the six-month period exceeds the minimum annual requirement of 60,000 tons.
2. There is not a termination for convenience clause in this contract. Under the terms of the extension passed on November 15, 2011, we are bound to deliver our trash to Republic until June 30, 2012.

If further is required, please advise.

ddw



2011 Greensboro City Council Orientation Agenda
November 28, 2011
Plaza Level Conference Room
Melvin Municipal Office Building
8:30 a.m. – 2:00 p.m.

- 8:30 - 8:45 am** **Welcome, Session Overview & Staff Introduction**
Rashad Young, City Manager
- 8:45-9:15 am** **Overview of Council Procedures**
Betsey Richardson, City Clerk, Jamiah Waterman, HR Attorney
- 9:15-9:45 am** **Legal Operations and Support**
Tom Pollard, Interim City Attorney
- 9:45-10:00 am** **Break**
- 10:00 am-12:00 pm** **Bus Tour of City Facilities**
Osborne Wastewater Treatment Plant, Guilford Metro 911,
Fire Station #8 (2201 Coliseum Blvd), Gateway Gardens and
Greensboro Public Library
- 12:15-1:00 pm** **Lunch and Public Affairs Operation and Support**
Denise Turner Roth, Assistant City Manager
- 1:00–1:45 pm** **Tour of Council Chamber**
*Betsey Richardson, City Clerk & Donnie Turlington, Communications
Manager*
- 1:45–2:00 pm** **Questions & Answers**
Employment Paperwork



November 18, 2011

TO: Rashad Young, City Manager
FROM: Rick Lusk, Finance Director
SUBJECT: Local Preferences

In response to your request for information on local preference purchasing policies, I have attached several documents that provide a summary of the goals and challenges associated with adopting a formal local preference policy (LPP) and the City's current purchasing practice. The documents include our Local Preference Strategy, Local Supplier Spend Analysis for Fiscal Year 2011, and a Comprehensive Review of LPP's.

Background

Local preference policies give local vendors an advantage over non-local vendors in the contracting process. In February 2010, Governor Perdue signed Executive Order 50 creating a LPP for state agencies. Executive Order 50 gives North Carolina businesses the opportunity to match the lowest bid on contracts for the purchase of goods. However, Executive Order 50 only applies to state agencies and does not extend to North Carolina local governments which are required by statute to award purchase contracts greater than \$30K to the lowest responsible bidder. Purchasing and construction contracts less than \$30K and some professional service contracts are eligible for consideration of a formal adopted LPP.

Although the goals of a LPP are clear, there are often unintended results or impact to the supplier community and governmental agency. Most notable are diminished competition and an increase in the cost of goods and services to the municipality, and the disadvantage local suppliers may experience if other municipalities adopt LPP's. To our knowledge only one local government in NC has adopted a LPP and we understand that it has recently been repealed at the request of the local supplier community.

In lieu of adopting a formal LPP, the Purchasing Division operates under a local preference strategy to support local businesses. The strategy establishes a goal of 50% of total spend with local firms against which to monitor and track performance. The division's strategy allows us to support local businesses without the risks of diminished competition and increased costs associated with formal LPP's. The strategy applies to all purchases and professional services regardless of price and construction contracts less than \$90K. Construction contracts greater than \$90K are managed by the Engineering and Inspections Department and are subject to

additional state purchasing laws. The division's goal of 50% may seem low but acknowledges the limitations of local businesses to supply the myriad of goods and services procured annually.

The attached Local Spend Report for Fiscal Year 2011 indicates that 64.5% of our total purchase dollars and 64.9% of purchase orders were spent with vendors that have a mailing address in Guilford, Davidson, Forsyth, Rockingham, Alamance, Randolph, Yadkin, Caswell, and Stokes counties. These counties define the local area included in the report and are consistent with region defined in the M/WBE policy and plan. Guilford County vendors received 55% or \$61.9M of our total purchase order dollars. Additionally, the organization spends approximately \$5.5M in the local community through the use of procurement cards. The procurement card spend in the local community represents 80% of the total procurement card spend. Procurement cards are issued to key employees who frequently have a need to make emergency or convenient purchases less than \$500.

The strategies in place have made an impact in the opportunities available to the local supplier community. We will continue to monitor the impact they have and provide regular reports to validate our progress.

RLL/cp

Attachments:

Review of Establishing LPP for City Contracts

Local Preference Strategy

Spend Analysis FY2011

City of Greensboro Purchasing Division Local Preference Strategy

Administered by the Financial and Administrative Services Department
Purchasing and Centralized Contracting Divisions

Summary

In an effort to support the local business community, the Purchasing and Centralized Contracting Divisions have established a local preference policy (LPP) designed to promote and support businesses with a physical presence within the City of Greensboro and surrounding counties. LPP's give local vendors an advantage over non-local vendors in the contracting process. However, although a formal LPP established by ordinance may give local businesses an advantage with the City of Greensboro, it may place them at a disadvantage in contract opportunities for other municipalities. Furthermore, the division acknowledges that a formal LPP may also have the unintended result of diminishing competition and an increase in the cost of goods and services.

Definitions

- ♦ **Local** - Businesses with a street address in the counties of Guilford, Forsyth, Davidson, Alamance, Rockingham, Randolph, Yadkin, Caswell, and Stokes.
- ♦ **Eligible Contracts** – The LPP will apply to all Purchasing and Professional Service contracts as well as Construction and Repair Contracts less than \$90,000.
Note: Construction and Repair contracts greater than \$90,000 are not managed by the Purchasing and Centralized Contracting Divisions.

Policy

The LPP establishes a goal of 50% of all eligible contract dollars be spent with local suppliers and contractors. The divisions will report quarterly the dollars and percentage of spend with local suppliers and contractors.

Strategy

The Purchasing and Centralized Contracting Divisions will...

1. Encourage the use of procurement cards for small dollar purchases from local businesses.
2. In conjunction with the Small Business Development Office offer regular training to local businesses on how to participate and compete for City of Greensboro business.
3. Continue to enhance the e-Procurement system (GEPS) to encourage local suppliers to register for opportunities.
4. Continue training staff to improve awareness of local vendors and the commodities and services they offer.
5. Continue practice of reviewing bid specifications to promote open and fair competition for the local and small business community.
6. Continue practice of easing bond and insurance requirements in low risk contracts.
7. Develop a prominent web presence to promote opportunities for local suppliers.
8. Award all tie-bids when no material differences exist to local suppliers and contractors.

Spend Analysis for Guilford and (8) Surrounding Counties

(Purchase Orders and P-card Purchases for all commodities, all professional services, and construction contracts <\$90K)

Date Range: Fiscal Year 2011

COUNTY	Purchase Order Dollars	% of TOTAL	PO COUNT	% of TOTAL	VENDOR COUNT
Guilford Purchase Orders	\$ 61,943,067.80	55.0%	4,076	56%	615
Forsyth	\$ 1,134,234.67	1.0%	220	3%	74
Davidson	\$ 2,754,556.14	2.4%	150	2%	10
Alamance	\$ 421,029.72	0.4%	66	1%	18
Rockingham	\$ 574,453.62	0.5%	104	1%	16
Randolph	\$ 249,657.29	0.2%	76	1%	20
Yadkin	\$ 8,816.11	0.0%	1	0%	1
Caswell	\$ -	0.0%	0	0%	0
Stokes	\$ -	0.0%	0	0%	0
P-Card TXNS from Guilford and (8) surrounding Counties	\$ 5,505,436.02	4.9%	N/A	N/A	N/A
Sub-Total	\$ 72,591,251.37	64.5%	4,693	64.9%	754
Purchase Orders - All Other Counties and States (a)	\$ 38,655,653.21	34.3%	2,542	35.1%	673
P-Card Txns - All Other Counties and States (b)	\$ 1,376,359.01	1.2%	N/A	N/A	N/A
(c) TOTAL	\$112,623,263.59	100%	7,235	100%	1,427

(a) Purchase orders processed to vendors outside the (8) surrounding counties. These purchases are frequently not available from companies within the defined surrounding (8) county region. For example, significant expenditures in this category could include fire trucks, chemicals used in water and sewer treatment plants and specialized equipment or supplies.

(b) Purchases made via procurement card to vendors outside the (8) surrounding counties. Procurement cards are issued to key employees who frequently have a need to make emergency or convenient purchases less than \$500. There are a few cards that have higher spend thresholds and are typically used to purchase specific items often from pre-established contracts. The City receives a significant rebate from the Bank of America on all procurement card transactions.

(c) Total represents all purchases processed via purchase order and p-cards including commodities, professional services and construction contracts.



November 18, 2011

TO: Rashad Young, City Manager

FROM: Chris Payne, Deputy Finance Director – Administrative Services

SUBJECT: Establishing a Local Preference for City Contracts

In an effort to further support the local business community, this review will focus on identifying the possibilities, laws and questions to consider for establishing a local preference for City contracts. Although the U.S. Constitution and the North Carolina General Statutes [hereinafter G.S.] place substantial limitations on how and when local governments in North Carolina may institute local preferences, carefully worded preferences are permissible in a few limited contexts.¹ As we consider the possibilities, it is important to consider the core responsibilities in governmental contracting: encouraging competition by promoting fair and transparent opportunities, procuring quality goods and services, and being good stewards of the taxes used to purchase those goods and services.

Defining “Local”

The most fundamental hurdle in establishing a local preference policy may be defining the term “local”. Should we consider only businesses with physical addresses in the city, sales representatives who live in Greensboro, or should we cast a larger net and include businesses within the county or state? How we define “local” will define who is included and those that are excluded. Equally importantly, we must consider the impact the defined geographical area will have on the cost of goods and services. The impact of this decision will be addressed later in the document.

Types of Local Preferences

1. Hiring preferences, which require contractors to hire a certain percentage of local workers.
2. Purchasing preferences, which require contractors to use supplies or materials that are made locally.
3. Contract award preferences, which give local bidders or proposers an advantage in the award of public contracts.¹

The first two types are very similar and are outside the scope of this paper. I will focus on the four major variations of contract award preferences which are:

1. <http://sogweb.sog.unc.edu/blogs/localgovt/?p=3202>

1. A specific percentage price increase or decrease

In this variation, a non-local company's bid would be assessed a specific percentage price increase to their bid or a local company's bid would be allowed a specific percentage price decrease to their bid. As a result, this has the effect of giving the local company a preference based on price. For example, local vendor (A) submits a bid for \$10,400 and non-local vendor (B) submits a bid for \$10,000. A 5% local preference or \$500 would be added to vendor (B) effectively making local vendor (A) the lowest bidder. And similarly, a 5% decrease or \$520 off the bid of local vendor (A) would effectively result in a lowest bid of \$9,880.

2. Price matching percentage

In this variation, a local vendor who has submitted a bid within 5% of the non-local vendor would be given an opportunity to match the bid of the non-local vendor. If the local vendor accepts, they would be required to perform the contract for the same price bid by the non-local vendor. Using the above example, local vendor (A) would be required to perform the contract for \$10,000.

Governor Beverly Perdue issued Executive Order 50, Enhanced Purchasing Opportunities for NC Businesses on February 17, 2010. The key provision of the Order directs the Secretary of Administration, through the authority given to him by the General Assembly pursuant to N.C. Gen. Stat. § 143-59, to develop a price-matching preference for North Carolina resident bidders on contracts for the purchase of goods so that qualified North Carolina companies whose price is within five percent (5%) or \$10,000.00 of the lowest bid, whichever is less, may be awarded contracts with the State of North Carolina.²

3. Reciprocal preference

In this variation, the city would only apply a local preference when the non-local bidder's jurisdiction applies a local preference. For example, if vendor (A) live in a community that has a 5% local preference, the city would apply the same 5% preference in determining the lowest bidder. G.S. 143-59(b) applies a reciprocal preference to state contracts in North Carolina. However, the statute is not applicable to local government contracts.

4. Tie-bid preference

In this variation, both vendors submit bids equal in price and quality. In other words, all things are equal. In this scenario, the city would award the contract to the local vendor.

2. <http://www.governor.state.nc.us/NewsItems/ExecutiveOrderDetail.aspx?newsItemID=929>

Informal and Formal Contracts

North Carolina governments are required to follow the competitive bidding requirements mostly contained in Article 8 of Chapter 143 of the North Carolina General Statutes. The majority of requirements are contained in G.S. 143-129 and G.S. 143-131 which govern contracts for the purchase of apparatus, supplies, materials, or equipment and contracts for construction and repair work. Failure to comply with the requirements will invalidate the contract.

Informal bidding applies to contracts for the purchase of apparatus, supplies, materials, and equipment costing \$30,000 or more but less than \$90,000, and to construction or repair contracts costing \$30,000 or more but less than \$300,000. Formal bidding applies to contracts for the purchase of apparatus, supplies, materials, and equipment costing \$90,000 or more and to construction or repair contracts costing \$300,000 or more.

Contracts that are subject to the competitive bidding laws in G.S. 143-129 and G.S. 143-131 must be awarded to the lowest responsive, responsible bidder, considering quality, performance, and time. For contracts that are required to be informally or formally bid, any local policy that would suggest consideration of any factors other than lowest, responsible bidder would render the contract invalid. Local governments have no statutory authority to establish local preferences of any kind and are bound by the “lowest bidder” standard when awarding contracts that are subject to the bidding statutes.³

Exceptions to Competitive Bidding

Several exceptions to the competitive bid Statutes exist. These contracts are not required to be informally or formally bid and therefore, the standard of award for informal and formal contracts is not applicable. The four exceptions that could be considered for implementing a local policy are:

1. Purchases and Construction projects costing less than \$30,000
2. Service contracts
3. Contracts for the lease of personal property (not including lease-purchase or leases with an option to purchase)
4. Contracts for the purchase of real property

These contracts (not including service contracts for architectural, engineering, surveying and construction management at risk) may be awarded on a local preference or some other basis without violating the bidding statutes. Simply put, North Carolina law would allow the City of Greensboro to establish a local preference policy for these contracts.

Federal Grants

A local preference policy cannot be established and used in any project or purchase funded by federal grants when those grants prohibit the use of geographical preferences. The prohibition is found in the Grants Management Common Rule, which applies to all federal grants, although some grants have specific language that overrides this prohibition on geographical preferences.

3. A Legal Guide to Purchasing and Contracting, Second Edition, Frayda Bluestein, UNC School of Government.

U.S. Constitution

There may be federal constitutional issues with establishing local preferences. The City Legal department should be consulted for an opinion. Additional information can be found in the "Local Preferences in Public Contracting, Part 4" blog posted on November 10, 2010 by Eileen Youens, UNC School of Government. The referenced blog can be found here: <http://sogweb.sog.unc.edu/blogs/localgovt/?p=3515>

Local Policy, Procedures and Practices

The City of Greensboro Professional Services Policy requires or suggests that competitive bids be obtained for services. Additionally, the Purchasing Division frequently issues requests for bids for items less than the informal threshold of \$30,000. There is not a statutory requirement to award to the lowest, responsible bidder. However, our policy and practice has historically been to use the standard in determining the lowest, responsible bidder.

Mixed Use Contracts

Contracts that contain a service and the purchase of a tangible item are considered mixed use contracts. Software purchases with installation and a purchase of carpet with installation are examples of mixed use contracts. The best approach is to determine which aspect of the contract (service or tangible item acquisition) is the predominate aspect of the contract. Those mixed use contracts that are predominately service contracts may be awarded as services contracts and therefore, a local preference could be applied.

Leases

The competitive bid requirements apply to purchase contracts and those contracts that are lease-purchase. Straight lease agreements without an option to buy could be eligible for a local preference policy.

Supplier Community

The previous paragraphs identify the types of contracts that are eligible as well as those that are ineligible for consideration in a local preference policy. Prior to establishing a local preference policy we should consider the consequences to the supplier community.

Many vendors may be against a local preference. Although it will give them an advantage with the City of Greensboro, it may place them at a disadvantage when bidding on contracts for other municipalities in the area. For example, if the City of Greensboro implemented a local preference, the cities of High Point and Winston Salem might as well. A Greensboro local vendor would benefit from the City of Greensboro's local preference but would be at a significant disadvantage competing in the other cities even though the vendor may be offering the best price for the product and services to all three agencies.

A greater concern may exist if non-local vendors decide not to bid as a result of the disadvantage. It only makes sense that non-local vendors may not take the time to review specifications, prepare and submit a bid when they know they aren't competing on a level playing field. The result of these non-local firms not bidding will eventually drive the price up as local vendors realize there will not be as much if any competition. The burden of the increased costs for equipment, supplies and services will be borne by the taxpayers.

Current Practices and Recommended Practices

Establishing a local preference would demonstrate to our local business community that we support their efforts. However, there are practices and policies currently in place and several that can be implemented that would not adversely affect the supplier community or taxpayers. The Purchasing Division currently supports local suppliers by the following:

1. Encourage the use of procurement cards for small dollar purchases from local businesses.
2. In conjunction with the Small Business Development Office offer regular training to local businesses on how to participate and compete for City of Greensboro business.
3. Continue to enhance the e-Procurement system (GEPS) to encourage local suppliers to register for opportunities.
4. Continue training staff to improve awareness of local vendors and the commodities and services they offer.
5. Continue practice of reviewing bid specifications to promote open and fair competition for the local and small business community.
6. Continue practice of easing bond and insurance requirements in low risk contracts.
7. Develop a prominent web presence to promote opportunities for local suppliers.
8. Award all tie-bids when no material differences exist to local suppliers and contractors.

Summary

There is clearly an opportunity to implement a local preference policy to demonstrate our support for local businesses. Specific opportunities exist for the following contracts:

1. Contracts that fall below the informal bid threshold of \$30,000.
2. Service contracts
3. Lease contracts that do not contain a buy-out provision.

A local preference policy would need to consider the negative impact on the local supplier base as well as the potential cost increases. The supplier community should be strongly considered to determine if the policy would accomplish the desired results or whether it might actually create hardships by restricting opportunities in neighboring agencies. The policy would need to address the procedures when a local firm and an M/WBE firm are potential bidders as well as when two local firms are potential bidders.

Alternatively, my preference and recommendation would be to continue practicing the eight (8) strategies above that create awareness of the City's desire to support local businesses. These practices will further our primary procurement goals of creating a transparent and fair process, promoting competition for all businesses, procuring quality goods and services, and being good stewards of the tax money used to procure those goods and services.



November 18, 2011

TO: Rashad Young, City Manager

FROM: Rick Lusk, Finance Director

**SUBJECT: Outsourcing of Collection Services for Certain Delinquent
Accounts**

The City determined that it would outsource some of its collection activities as a part of the FY11-12 budget. We are entering into contracts for the collection of outstanding delinquent parking ticket and tenant utility (water and sewer) accounts with FirstPoint Collection Resources, Inc. (FirstPoint) and Municipal Services Bureau (MSB). These companies were selected following the City's Collections Division solicitation of proposals for the collection of delinquent accounts. We received eleven (11) responses, of which two were from Greensboro-based companies and nine were from national companies. The new collection arrangements are expected to be implemented and operational by December 31, 2011, depending upon integration of financial systems with new parking enforcement system software which is being coordinated by the GDOT, IT and Finance Departments.

The contracts with FirstPoint and MSB have a one-year term, with a 50/50 split of delinquent accounts between the agencies, a typical industry practice. Delinquent parking ticket and tenant utility (water and sewer) balances are estimated at \$2.1 million and \$1.6 million, respectively. The structure of these revenue-based contracts calls for estimated collected receipts of \$1,172,000 to be returned to the City, net of a 20.5% collection agency fee estimated at \$240,000. The fee will be shared by the two contractors based on actual collections by each. It is estimated that the City would receive \$932,000 during the initial one-year term of the contract, if all of the outstanding amounts noted above are eligible to be placed with the agencies and the projected collection trends are realized. At the end of the first year, performance of both agencies will be evaluated for possible contract extension. The contracts were awarded based on specific requested qualifications, experience and other factors, taking into account the City's "local preference" strategy for contract awards.

BACKGROUND:

For several years, outstanding parking ticket/penalties have approximated \$2 million, despite several new collection techniques which have been initiated. The Collections Division provided a parking amnesty program in December 2008 whereby all penalties would be waived if the ticket was paid, which resulted in payment of 8,120 parking tickets totaling \$71,175 and

forgiveness of \$203,000 in penalties. City Council adopted a towing/booting ordinance in November, 2007 to be effective March 1, 2008. GDOT took over parking enforcement from Police in September, 2009 and began towing/booting in November, 2009, generating \$81,000 in additional new revenues to-date. In order for towing or booting to be enforced, however, the vehicle must have 3 or more outstanding tickets and be "illegally" parked at the time of discovery. Discovered vehicles with the same outstanding parking ticket balances which are "legally" parked may not be towed, according to state law. In March 2004, the State of North Carolina implemented the state income tax "Debt Set Off" program, whereby the City may submit overdue parking balances exceeding \$50 after 105 days, for attachment to a debtor's state income tax refund, if any. This effort has yielded \$506,000 in overdue parking fine/penalty revenue since inception of the program, however, in order to submit claim data to the state, the debtor's social security number is required, which often can be difficult and time consuming to locate. Finance has also offered all citizens multiple and convenient ways to make regular payments and to settle past due debts owed, including:

- Internet payments (\$1.95 convenience fee)
- Home banking bill pay via PC (No charge)
- Bank drafts – utility service (No charge)
- Mail in check (No charge)
- Walk up & drop boxes (No charge)

As a result of the RFP process, effective July 1, 2011, staffing of the Delinquent Collections section of the Collections Division was reduced to one collector and a supervisor, with some administrative support. Two delinquent collector positions were included in the FY2012 reduction in force, with estimated cost savings of \$182,000.

Regarding other collection remedies, Legal has attempted annually, without success, to acquire more parking enforcement remedies through the Legislative Agenda items, requesting that the State DMV withhold vehicle registration for unpaid civil fines. Continued legislative efforts by Greensboro and other cities on this and changes to the towing/booting laws may eventually provide additional remedies for collecting delinquent parking tickets.

RLL/md

cc: Kenney McDowell, Interim Water Resources Director
Adam Fischer, Transportation Director
Darryl Jones, IT Director
Marlene Druga, Deputy Finance Director

Financial and Administrative Services Department
City of Greensboro



November 17, 2011

TO: Rashad M. Young, City Manager
FROM: Susan Crotts, Centralized Contracting Division and Grants Manager
SUBJECT: Pending Grant Application Approval Request

The Parks and Recreation Department submitted a grant application to the Piedmont Regional Council of Governments for a 2012 Senior Health Promotion and Disease Prevention grant on November 10, 2011. The grant requires a 10% match of local funds. In accordance with the City Grant Policy, the Department will request that City Council approve the application at their next regular Council meeting on December 13, 2011.

The Senior Health Promotion and Disease grant will fund activities in healthy aging programs that target seniors with underserved needs. If approved, the grant will be used to teach low income seniors how to manage arthritis pain, fund the upgrade of horse shoe pits for the Senior Games, and increase senior participation in Silver Arts through outreach and event management.

The grant project budget totals \$1,944.00 and requires that \$194.00 (10%) of the project budget be a local match to \$1,750 of State funding. Complete details will be provided in the December 13, 2011 City Council Agenda Packet.

Please contact Greg Jackson, Parks and Recreation Department Director, for any additional information.

SC

cc: Greg Jackson, Parks and Recreation Department Director

	ZONING COMMISSION RESULTS
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MEETING OF NOVEMBER 14, 2011

AGENDA ITEM	REQUEST/LOCATION	**PROPOSED USE * (Not binding if not stated as a condition)	ACTION/VOTE	STAFF RECOMMENDATION	STATUS	SPEAKERS
Z-11-11-001	R-5 to CD-RM-18	All uses allowed in the RM-18 zoning district	Denied	Approval	Final unless appealed	1 for; 8 opposed
	3711-R1 Mosby Drive		7 to 2			
	Elizabeth W. Moser					
Z-11-11-002	CD-C-M to CD-RM-12	A maximum of 32 townhouse dwellings	Approved	Approval	Final unless appealed	1 for; 0 opposed
	607 North Regional Road		9 to 0			
	Henry H. Isaacson for Triad Townhomes-RGII, LLC					
Z-11-11-003	R-3 to CD-RM-8	One twin home dwelling	Approved	Approval	Final unless appealed	2 for; 0 opposed
	808 Dolley Madison Road		9 to 0			
	Mauro J. Ruggier and Joseph Ruggier					
Z-11-11-004	CD-C-M to CD-RM-18	A maximum of 216 multi-family dwelling units	Approved	Approval	Final unless appealed	1 for; 0 opposed
	3201, 3203, 3207 and 3101-R1 Pleasant Garden Road		9 to 0			
	Frank Auman for SSP Properties, LLC					

** Please see staff report for full list of conditions and uses

If you have any questions about these results, please contact Frederick Boateng or Mike Kirkman at 336-373-2144